

MINUTES

MONTANA SENATE 56th LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By **CHAIRMAN GERRY DEVLIN**, on March 10, 1999 at 8:00 A.M., in Room 413/415 Capitol.

ROLL CALL

Members Present:

Sen. Gerry Devlin, Chairman (R)
Sen. Bob DePratu, Vice Chairman (R)
Sen. Dorothy Eck (D)
Sen. E. P. "Pete" Ekegren (R)
Sen. Jon Ellingson (D)
Sen. Alvin Ellis Jr. (R)
Sen. Bill Glaser (R)
Sen. Barry "Spook" Stang (D)

Members Excused: Sen. John C. Bohlinger (R)

Members Absent: None

Staff Present: Sandy Barnes, Committee Secretary
Lee Heiman, Legislative Branch

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: None
Executive Action: HB 132; SB 502; SB407

EXECUTIVE ACTION ON HB 132

Motion: SEN. STANG MOVED THE AMENDMENT PROPOSED BY THE CPAS, **EXHIBIT**(tas54a01).

Discussion:

SEN. STANG said that the amendment proposed by the CPAs simply sets \$50 or the amount of tax due, whichever is less, as penalty for violation of tax provisions.

SEN. ELLINGSON asked if this meant that it would be \$50 plus the amount of the tax, and if the tax were \$49, the penalty would be \$49, and **SEN. STANG** said that was correct.

Vote: Motion carried 9-0.

Motion: SEN. DEPRATU MOVED HB013202.ALH, **EXHIBIT**(tas54a02).

Discussion:

SEN. DEVLIN said this amendment strikes Section 5, which deals with the treasurers publishing notice that taxes are due.

Motion carried 9-0.

Motion/Vote: SEN. DEPRATU MOVED THAT HB 132 DO PASS AS AMENDED.
Motion carried 8-1 with Stang voting no.

SEN. ELLIS volunteered to carry the bill on the floor.

EXECUTIVE ACTION ON SB 502

Motion: SEN. DEPRATU MOVED SB050201.ALH, **EXHIBIT**(tas54a03).

Discussion:

Mr. Heiman explained that these amendments get rid of the **CI-75** provisions in **SB 502**.

SEN. ECK asked whether the percentages all work out in this legislation, and **Mr. Heiman** walked through the bill and explained that they all work together the way they should.

Vote: Motion carried 9-0.

Motion/Vote: SEN. ELLIS MOVED THAT SB 502 DO PASS AS AMENDED.
Motion carried 9-0.

EXECUTIVE ACTION ON SB 407

Motion: SEN. STANG MOVED THAT SB 407 DO PASS.

Discussion:

SEN. STANG referring to a letter from Jerry Sorensen, EQC member, dated February 17, 1999, **EXHIBIT**(tas54a04), said that the Environmental Quality Council put together **SB 97** and requested

funding as proposed in **SB 407** to deal with growth issues in Montana's communities.

SEN. ELLIS said that he felt that communities should take on this responsibility and the state should not be required to fund it. He said he was reluctant to take it out of the bed tax. **SEN. DEPRATU** also said he was not comfortable with the bill in its present form.

SEN. STANG said he felt like he would like to keep the bill alive to give the bill's sponsor an opportunity to find another funding source, and **SEN. ECK** agreed. **CHAIRMAN DEVLIN** said that people interested in keeping this bill alive should work on amendments to do that. **SEN. STANG** said he would offer an amendment to change the \$1 million to \$50,000 if that would help move it out of committee. **Mr. Heiman** said that could be done by changing page 2, line 23 and page 4, line 6 by striking \$1 million and inserting \$50,000.

Motion/Vote: **SEN. STANG MOVED TO AMEND PAGE 2, LINE 23 AND PAGE 4, LINE 6 BY STRIKING \$1 MILLION AND INSERTING \$50,000. Motion carried 8-1 with Devlin voting no.**

Substitute Motion/Vote: **SEN. STANG MADE A SUBSTITUTE MOTION THAT SB 407 DO PASS AS AMENDED. Substitute motion failed 5-4, with Devlin, Ekegren, Ellis, Glaser and Depratu voting no (Roll call vote #1).**

Motion/Vote: **SEN. DEPRATU MOVED THAT SB 407 BE TABLED. Motion passed 5-4, with Bohlinger, Eck, Ellingson and Stang voting no (Roll call vote #2).**

DISCUSSION ON SB 424

SEN. ELLIS told the committee that this **SB 424** is the circuit breaker and is pretty closely tied to **SEN. DOHERTY'S SB 92**.

SEN. GLASER said this is the bill that raises the amount for the credit from \$35,000 to \$45,000.

SEN. ELLINGSON asked if his understanding was correct that the Department of Revenue takes the position that if you sell a piece of property, you have to include the gross sales price of that property in your income. **Brian Smith, Department of Revenue**, said he didn't know but that he would find out. **SEN. ECK** said that she had a memo from the Department of Revenue which says that is indeed what they do.

CHAIRMAN DEVLIN said that both **SB 424** and **SB 92** need some work and perhaps the committee should look at them together. **SEN. GLASER** suggested an amendment to start at \$30,000 with a general dropoff, which would take less from the General Fund. **CHAIRMAN DEVLIN** asked him to get some amendments that would accomplish that, and then the committee can look at **SB 92** also.

SEN. ELLINGSON said that **Mr. Smith** had confirmed that the Department of Revenue does use the gross sales price in adding that to income, and that needs to be corrected. **SEN. ECK** suggested that the committee ask the Department of Revenue for their explanation of that practice.

ADJOURNMENT

Adjournment: 8:50 A.M.

SEN. GERRY DEVLIN, Chairman

SANDY BARNES, Secretary

GD/SB

EXHIBIT (tas54aad)